

# HOUSING AND LOCAL GOVERNMENT

This part of the Budget includes information related to housing and local governments.

## HOUSING AND HOMELESSNESS

The Budget supports \$3.6 billion in state and federal funding and award authority for various affordable housing and homelessness programs across a number of state entities as shown in Figure SLA-01. Included in those totals are several new efforts to address California’s lack of affordable housing and homelessness.

Significant Adjustments:

- **“By Right” Approval Process**—The Budget sets aside \$400 million General Fund for affordable housing programs, the expenditure of which is contingent upon the passage of a “by right” approval process for affordable housing. Under a “by right” process, a local government could not require a conditional use permit, planned unit development permit, or other discretionary local government review for qualifying affordable housing projects. “By right” approval applies to projects that are consistent with objective general plan and zoning standards and, where applicable, are subject to mitigating measures to address potential environmental harm.
- **No Place Like Home**—The Budget includes the programmatic provisions for the No Place Like Home program, which addresses homelessness for individuals with mental health needs through the provision of permanent supportive housing. The Department of Housing and Community Development (HCD) will develop and

Figure SLA-01  
**2016-17 Affordable Housing and Homelessness Funding**  
(Dollars in Millions)

<i>Department</i>	<i>Program</i>	<i>Amount</i>
Department of Housing and Community Development	Affordable Housing Construction, Contingent on By-Right	\$400
	Mental Health Services Act Programs	\$267
	Federal Funds	\$112
	Housing for Veterans Funds	\$75
	State Emergency Solutions Grant Program	\$45
	Regional Planning, Housing, and Infill Incentive Account	\$22
	Mental Health Services Act Technical Assistance	\$6
	Office of Migrant Services	\$6
	Various	\$19
California Housing Finance Agency (CalHFA) <sup>1/</sup>	Single Family 1st Mortgage Lending	\$1,012
	Multifamily Conduit Lending	\$300
	Multifamily Lending	\$190
	Mortgage Credit Certificates	\$130
	Single Family Down Payment Assistance	\$48
	Special Needs Housing Program	\$55 <sup>2/</sup>
Strategic Growth Council	Affordable Housing and Sustainable Communities	\$400 <sup>3/</sup>
Tax Credit Allocation Committee	Low Income Housing Tax Credits (Federal)	\$225 <sup>4/</sup>
	Low Income Housing Tax Credits (State)	\$63
	Farmworker Housing Assistance Tax Credits	\$5
Department of Veterans Affairs	CalVet Farm and Home Loan Program	\$66
	CalWORKS Housing Support Program	\$47
Department of Social Services	SSI/SSP Outreach to Homeless Individuals with Disabilities	\$45
	CalWORKS Homeless Assistance Program	\$32 <sup>5/</sup>
	Bringing Families Home Program	\$10
Department of Finance	Community-Based Transitional Housing Program	\$25
Department of Public Health	Housing Opportunities for Persons with AIDS (Federal)	\$3
Office of Emergency Services	Homeless Youth and Exploitation Program	\$2
California Department of Corrections and Rehabilitation (CDCR)	Integrated Services for Mentally-Ill Parolees	\$2
	Specialized Treatment of Optimized Programming, Parole Service Center, Day Reporting Center, Female Offender Treatment and Employment Program	N/A <sup>6/</sup>
<b>Total</b>		<b>\$3,612</b>

<sup>1/</sup> Amounts are the estimated lending activities from CalHFA's 2016-17 business plan.

<sup>2/</sup> This amount represents a voluntary allocation of Proposition 63 funds from 11 participating counties.

<sup>3/</sup> Of the amount appropriated, statute requires at least 50 percent be committed to affordable housing. This program may also fund transportation, infrastructure, and other related uses for projects reducing greenhouse gas emissions.

<sup>4/</sup> This amount represents the 9 percent tax credits available in 2016 and an estimated figure for 4 percent credit awards based on 2015. This figure does not include the \$3.9 billion of tax-exempt bond debt allocation that is available for award from the California Debt Limit Allocation Committee.

<sup>5/</sup> This amount is an estimated figure based on actual assistance provided in 2015.

<sup>6/</sup> The state provides a number of wrap-around supportive services through these four programs, including housing support, which cannot be separated from CDCR's general budget.

administer a competitive \$1.8 billion program and a non-competitive \$200 million program to finance the construction, rehabilitation, or preservation of permanent supportive housing units for individuals with mental health supportive needs who are homeless, chronically homeless, or at risk of chronic homelessness. The financing mechanism—a \$2 billion bond secured by a portion of future Proposition 63 mental health revenues—will require additional legislation, and the budget includes first-year funding of \$267 million, contingent upon enactment of that legislation.

- The Budget also includes \$149.4 million (\$100 million one-time) from the General Fund for the following homelessness programs:
  - Supplemental Security Income Outreach—\$45 million to increase participation among homeless persons with disabilities who may be eligible for a disability benefits programs.
  - Emergency Solutions Grants—\$45 million to fund activities eligible under the Federal Emergency Solutions Grant Program, including rapidly rehousing individuals and families, preventing families and individuals from becoming homeless, engaging homeless individuals and families living on the street, and operating homeless shelters and providing essential services to shelter residents.
  - CalWORKS Housing Support Program—\$12 million ongoing augmentation, for a total of \$47 million, to provide assistance to eligible families who are homeless or at risk of homelessness.
  - CalWORKs Homeless Assistance—\$2.4 million in 2016-17 and \$2.7 million annually thereafter to reflect elimination of the once-in-a-lifetime restriction on receipt of temporary and permanent homeless assistance and instead making this assistance available once every 12 months, effective January 1, 2017.
  - Bringing Families Home—\$10 million one-time to establish a county matching grant program to reduce homelessness among families who are part of the child welfare system.

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## COMMUNITY-BASED TRANSITIONAL HOUSING PROGRAM

The Budget provides \$25 million for the Community-Based Transitional Housing Program, which will encourage local communities to support housing that provides treatment and reentry programming to released criminal offenders and other individuals. The Program

will provide grants of up to \$2 million to cities and counties that approve conditional use permits, valid for at least 10 years, for facilities that provide transitional housing and support services. Sixty percent of the grant funds will be used by the city or county for public safety and community outreach, and 40 percent of the grant funds will be used by the facility operator for specified purposes.

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### **MODIFICATION OF LOW-INCOME HOUSING TAX CREDIT**

The Budget changes the low-income housing tax credit. The change allows a taxpayer who qualifies for the low-income housing tax credit to sell the credit to an unrelated party as long as they pay at least 80 percent of the credit amount. The full dollar value of the credit can then be used by the purchaser to offset tax liability. In addition, the ability for low-income housing tax credits to be allocated among the partners in any manner and without regard to their ownership interest is extended from January 1, 2016 to January 1, 2020. The tax credit is expected to result in a revenue increase of \$300,000 in 2016-17 due to increased capital gains. Revenue losses due to the acceleration of credit usage are estimated to be \$100,000 in 2017-18 increasing to \$2 million by 2021.

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### **DISSOLUTION OF REDEVELOPMENT AGENCIES**

ABx1 26 (Chapter 5, Statutes of 2011) eliminated the state's redevelopment agencies (RDAs) and replaced them with locally organized successor agencies that use the property tax revenue otherwise payable to the former RDAs to retire their debts and other legal obligations. The property tax revenue remaining after these payments is returned to the cities, counties, special districts, and K-14 schools located in the former RDAs' boundaries.

The Budget anticipates that counties will receive \$740 million in new general purpose revenues in 2015-16 and 2016-17 combined, with cities receiving \$700 million and special districts \$330 million. On an ongoing basis, it is estimated that over \$1 billion annually will be distributed to counties, cities, and special districts. This is a significant amount of unrestricted funding can be used by local governments for local priorities.

The Budget anticipates General Fund savings within Proposition 98 resulting from RDA dissolution will be \$1.3 billion in both 2015-16 and 2016-17. On an ongoing basis, General Fund savings within Proposition 98 are estimated to be over \$1.4 billion annually.